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Universal Basic Income

From Company Town to Post-Industrial: Inquiry on the Redistribution of Space and Capital with a Universal Basic Income

Caroline West

ABSTRACT This paper considers what effects a universal basic income could have on disrupting social and economic inequality in the tensions of urban/rural divide. She frames her inquiry on the political economy of land and labor in the collapse of coal industry "company towns" and its structural aftermath in Central Appalachia.

According to an analysis of US census data by the Weldon Cooper Center for Public Service of the University of Virginia, by 2040 close to 70 percent of the US population will reside in only sixteen states with the vast majority of the population centralized in and around major urban areas.¹ A study by Bloomberg found that while urban centers are growing by close to a million acres each year, they still only comprise 3.6 percent of all land mass on the continental US. Yet, despite their small size, urban spaces are home to four out of five Americans and contribute to the majority of the country's GDP wealth.² Meanwhile, income inequality across urban and rural areas has been stratifying at a rapid pace for the past 40 years. The 2008 financial crisis and subsequent recession has not tempered the growth of income inequality; rather, it has intensified it.³

In *The German Ideology*, Karl Marx argues that capitalism has naturalized a hierarchical division in the social and economic order with the "separation of town and country and to the conflict of their interests."⁴ Urban cities are treated as the valuable center of capitalist and intellectual labor, and rural areas are relegated to the peripheral, lesser valued physical labor. Thus, urban studies scholarship within the Marxist tradition has provided important contributions to address the issues of growing inequality in urban spaces including the rapid privatization of public spaces, gentrification, and rising housing costs, as well as the devastating environmental consequences of urban living.⁵ Geographer Neil Smith asserts that tackling the expansion of capital and inequality is not solely a social project but a "geographical project," grounded in the appropriation of labor and land.⁶ Through Marxist analysis, Smith examines what constitutes the "geography of capitalism" and its uneven development of geographic spaces of poverty and wealth, town and country, industry and agriculture. He posits that the uneven development of capital is not random or inevitable; rather, it "is the systematic geographical expression of the contradictions inherent in the very constitution and structure of capital."⁷ Capitalism was built upon the social and economic divisions that proceeded it, but it has also continued to reshape our social and economic world systematically to suit its needs and interests for growth and profit on a global scale.

Urban living requires access to surplus products that make specific demands on the extraction of resources from the land and labor in its periphery, which David Harvey

argues is “a class phenomenon, since surpluses are extracted from somewhere and from somebody, while the control over their disbursement typically lies in a few hands.”⁸ In the US, the resources coming from Harvey’s “somewhere” include close to four hundred million acres of cropland growing food as well as feed, cotton, and biodiesel; over six hundred and fifty million acres of pasture, primarily for livestock; and over five hundred million acres of timberland that service the commercial lumber industry.² The resources grown, raised, and extracted from the land are the raw materials used across all sectors of industrial production. The “few hands” that own the means of industrial production that convert the raw materials from the land into commodity form are a relatively few large, multinational corporations. Located inside and on the outskirts of cities as well as in rural America, workers in the factories, plants, mills, and mines produced goods that drove the economy and, after widespread unionization in the mid-twentieth century, provided access to the middle class for many workers. In the 1970s, US industrial production shifted in a few important ways: the spread of automation in industry led to mass worker layoffs and lost livelihoods, the effects of globalization encouraged companies to move production in search of cheaper foreign labor, and the regulatory changes to address environmental concerns stifled profit margins and pushed some industries to look for new forms of natural resource extraction. This widespread desertion by large corporate owners of their factories, mills, and mines in the newly prescribed post-industrial era in the US left workers who had been employed in those industries for decades in its wake.

In this essay, I frame my inquiry on the political economy of land and labor in the coal industry “company towns” in Central Appalachia. With the widespread closure of mines, automation of much of the production that remains, and the subsequent mass out-migration, I consider what effects access to capital through redistribution in the form of a universal basic income could have to disrupt Smith’s conception of the uneven development of capitalism as a geographic project of the appropriation of labor and land. Here, I define a universal basic income (UBI) as a periodic, unconditional, and individual cash payment that is neither means tested nor contingent on work. Further, I imagine a UBI that would cover the costs for the basic needs of life: a roof over your head, food in your belly, and clothes on your back. Modern capitalism in Appalachia is a history of the privatization and extraction of natural resources, labor oppression, and monopolistic political and economic power by industrial corporations which affected not only the direct industry workers but the livelihood of every community member. In principle, a UBI that covers basic needs could weaken private industry’s control over Appalachian labor power and enhance opportunities for more local control over the infrastructure of the region’s economy.

Today, land in Appalachia is mainly comprised of pasture for livestock, forest, and rural residential areas, the latter of which, according to the USDA land classification system, are of “low income value.”¹⁰ Prior to the industrial revolution in the 19th century, Central Appalachia, comprised of counties in Virginia, West Virginia, Kentucky, and Tennessee, was very isolated. This region was mostly populated by small-scale subsistence farmers whose social worlds were organized around networks of their extended family.¹¹ Because of the sloped mountains and challenging soil, agriculture in the region was very limited. However, in the late 19th and early 20th centuries, copper, lumber, coal, and railroad industries began to lay claim to the area. Industry scouts would go to the mineral rich areas and offer landowners cash for rights to the resources under their land. Speculators and industry giants bought up large swaths of land, quickly accumulating wealth and regional power. With the establishment of these industries, the region experienced large population increases as newly immigrated workers as well as freed slaves arrived. With the influx of people, the companies created communities for the new workers and their families, constructing houses, schools, stores, and hospitals. The coal companies owned a

majority of the homes and businesses, creating a “company town” economic system that largely served the interests of the company. The money flowed from the company through employees’ cash wages and “scrip” that would circle back into the company’s coffers through the employees’ payment of rents, commerce, and services.¹² As Appalachian studies scholar Helen Matthews Lewis explains, the region’s economic structure was in the control of outside industries that would exploit its labor and land resources.¹³ Lewis describes three distinct classes that developed as a result of the “company town” in Central Appalachia: the rural mountain people who remained isolated on their small subsistence farms, the industrial camp workers solely dependent on the industry, and the middle class professionals who lived independently in the urban centers of the region. Those with economic power also wielded the political power, which they “used to exploit the region’s natural wealth for their own personal gain” leaving the mountain people largely ignored and unprotected, mine workers reliant on their wages for their families survival, and all forced to function in a system not of their making.¹⁴ Therefore, Appalachians living in and around company towns experienced extraction in three main ways. First, the redistribution of land by way of the siphoning out of natural resources and the industrial ownership and development of the local commercial and residential infrastructure. Secondly, the redistribution of natural and produced commodities to outside, urban markets. Lastly, the redistribution of worker wages through payments of rent, commodities, and services back to companies as added revenue.

By the 1960s, the coal industry had advanced significantly, and production was booming; however, mechanization caused profound unemployment to a population dependent on the industry. The industries began to disinvest in the communities by closing down small shops and business, selling the homes to the unemployed miners who could afford them, or tearing down the homes that could not be sold. This resulted in a great migration out of the region. The industrial workers lost their middle-class livelihood and the already poor population in the region became further entrenched in poverty. In 1960, the Conference of Appalachian Governors was established to formulate a plan for tackling the economic challenges of the region across state lines. At their request, President Kennedy formed the President’s Appalachian Regional Commission (PARC), a state and federal partnership, to develop an economic development program for the region. The PARC’s report was published in 1964 under President Johnson and reiterated the separateness, the otherness of Appalachia, declaring in the opening section that “Appalachia is a region apart” that lies “between the prosperous Eastern seaboard and the industrial Middle West.”¹⁵ This distance marked the poverty of Appalachia as distinct from other rural areas such as the Midwestern states. The report provides sobering statistics on unemployment, income gaps in spending and saving, educational deficits, housing values, and life expectancies that place urban and rural Appalachia well below the average in the rest of the country. The report makes only a timid effort to address the history of the natural resources that had been extracted out of the region by industry. Without a robust context on systemic capitalist dysfunction in the region, the final program recommendations were based on the idea that a “solution can come about only with the full engagement of the free enterprise potential in this large region so rich in human and natural resources.”¹⁶ Therefore, the report’s recommendations for further and continued extraction of local land and labor by private capitalist enterprises failed to recognize that these practices were instrumental to the creation of rural Appalachia’s post-industrial social and economic landscape.

James Sundquist of the Department of Agriculture, who served on the 1960s War on Poverty Task Force, noted the challenge of selling rural poverty reforms to policymakers and the public. According to Sundquist, the broader view in policy circles as well as in mass media narratives was that since rural populations had been rapidly shrinking due to

urban migration, there was little reason to pour federal dollars into these communities. Instead, the solution would be to continue to move the rural poor to the cities and deal with them there.¹⁷ Government initiatives to develop rural areas were seen as symbolic “gestures,” not serious interventions. Rural Appalachia is “looked on as backwaters. The people who live there are looked on as unenterprising and hardly worth saving, because if they had gumption, they’d get up and leave.”¹⁸ Sundquist argued that the conflation of rural poverty and migration was a “confusion of cause and effect, that they were withering away because they do not have basic public services,” a trend, he countered, that would reverse if an infrastructure was in place.¹⁹ This political narrative indicted rural people as nothing more than their poverty, and moreover, that they were explicitly to blame for their own poverty. The infrastructure that the state and federal government had inherited was created by the logic of private enterprise, exemplified by the development of coal company towns.





A half a century later, this narrative has slowly begun to shift. As census data points to continued urban population growth, a combination of pressure on urban housing, affordability, and the lingering employment effects of the 2008 recession could be part of the impetus for this changing narrative. As availability of urban and suburban space tightens, policy rhetoric has deviated from moving rural folks out to reintroducing capital investments back in. Congress has recently renewed the Abandoned Mine Land Pilot Program, which provides twenty-five million dollars in state funding for the cleaning and repurposing abandoned mines for economic development. Yet to move out of Congressional committee votes, The RECLAIM Act would expand the pilot program and disburse the one billion dollars in the Abandoned Mine Land Fund over a five-year period. One of the cosponsors of the bill, Representative Morgan Griffith from Virginia, spoke of the bill’s bipartisan support and the effect it could have on diversifying the local economies and providing people with the opportunity to stay in the region: “It’s Democrats and Republicans coming together to identify a way that we can be helpful, help the country, help make the environment better, help create jobs and [help] people who are skilled but want to stay living in the mountains be able to stay there and pursue something different as we move forward in this country.”²⁰ With the funds, abandoned mines and flattened mountaintops could be converted into natural energy farms for wind or solar power, and polls indicate that 89 percent of Appalachians on both sides of the political aisle support the RECLAIM Act.²¹ If these funding programs are committed to building the local economies from the bottom up, they could have profound impacts on diversifying land and labor opportunities. However, this sympathetic reading of legislation as conceived through progressive ideals does not align with the historic treatment of Appalachians in coal mining towns. Just as an example, Kentucky Congressman Harold Rogers’ current idea to secure more jobs to Letcher County is to build a new \$444 million prison.²²

Actualizing a bottom-up approach to economic development in Central Appalachia would need to be grounded in the cultural traditions that proceeded industrial production, namely, the strengths of community and familial relationships that can be used as a counter-weight to class stratification. Despite all the challenges Appalachian residents face with a crumbling infrastructure and few economic resources, the people in former coal mining towns have been imagining life beyond coal despite the lack of progressive governmental support. In a 2017 news video series produced by *Al Jazeera America*, Sana Saeed interviews residents in former coal counties in Eastern Kentucky to find that they are looking internally to their community ties in efforts to build a more diversified economy. Solidarity is being formed through social culture and identity and the labor of the community. Saeed interviewed Brad Shepard, a native of Eastern Kentucky, and his partner Daryl Royse. Shepard and Royse left behind city life and the corporate world in

Lexington to open the Heritage Kitchen in downtown Whitesburg. They do what they can support the local economy through their business practices, such as sourcing their food from local farms. The restaurant is thriving, and they are hoping to expand. Royse states that the people in the region are natural entrepreneurs who simply lack resources, "People here just need capital and funding and the ideas are here."²³ For Shepard and Royse, they had to perform corporate labor in order to build the capital necessary to return to Whitesburg and open their business. In this anecdotal light, a UBI's effect on diversity could be twofold: to create the conditions for local economic growth with less reliance on outside (and absentee) capital, In return, it encourages a diversification of the use of geographic space that would temper the stress put on urban areas.

I make no claim that, in isolation, a UBI has the ability to end all poverty or create the conditions to overthrow the capitalist mode of production. However, I believe it is fruitful to imagine how a UBI could fracture not only corporate monopolies over the economies of land and labor in coal counties, but also the demand on central Appalachians to leave for urban areas to procure a living. There are currently innovative initiatives beginning to transform the region, such as BitSource, a business founded by two Kentucky businessmen to teach former miners to write code. Based in West Virginia, Coalfield Development Corporation is a collection of five social enterprises that are building new economies in sustainable construction, renewable energy, agriculture, and arts and crafts enterprises. What is very clear about many of the constructive enterprises afoot in central Appalachia is the class dynamics still in play. These businesses remain steeped in the logic of capital, even if their drive is towards a more local and "ethical" capitalism.²⁴ If redistribution of capital through a UBI leveled the playing field, opportunities to reimagine a more diverse economy become tangible for Appalachian citizens extending beyond former coal miners and the already established business leaders and middle-class Appalachians.

Notes

1. Philip Bump, "In about 20 Years, Half the Population Will Live in Eight States," *The Washington Post*, July 12, 2018, https://www.washingtonpost.com/news/politics/wp/2018/07/12/in-about-20-years-half-the-population-will-live-in-eight-states/?utm_term=.df7826ec3fd3; "United States Population: Weldon Cooper Center Projections of 50 States and DC," Weldon Cooper Center for Public Service at the University of Virginia, 2017, <https://uva-demographics.github.io/main-site/maps/library/us-population/>. 
2. Dave Merrill and Lauren Leatherby, "Here's How America Uses Its Land," *Bloomberg*, July 31, 2018, <https://www.bloomberg.com/graphics/2018-us-land-use/>. 
3. See two reports from 2014 and 2017, respectively: Ben Casselman and Andrew Flowers, "Economic Inequality Continued To Rise In The U.S. After The Great Recession," *FiveThirtyEight*, September 4, 2014, <https://fivethirtyeight.com/features/economic-inequality-continued-to-rise-in-the-u-s-after-the-great-recession/>; Rakesh Kochhar and Anthony Cilluffo, "How Wealth Inequality Has Changed in the U.S. since the Great Recession, by Race, Ethnicity and Income," Pew Research Center, November 1, 2017, <http://www.pewresearch.org/fact-tank/2017/11/01/how-wealth-inequality-has-changed-in-the-u-s-since-the-great-recession-by-race-ethnicity-and-income/>. 
4. Karl Marx, "The German Ideology: Part I," in *The Marx-Engels Reader*, ed. Robert C. Tucker (New York: W. W. Norton & Company, 1978), 150. 
5. Notably, Henry Lefebvre, *The Production of Space*, trans. Donald Nicholson-Smith (1974; Malden, MA: Wiley-Blackwell, 1992); David Harvey, *Social Justice in the City* (Athens, GA: University of Georgia Press, 1973); David Harvey, *Rebel Cities: From*

the Right to the City to the Urban Revolution (London: Verso, 2013); Mike Davis, *Planet of the Slums* (New York: Verso, 2006); Neil Smith, *Uneven Development: Nature, Capital, and the Production of Space*, 3rd ed. (Athens: University of Georgia Press, 2008); and Setha Low and Neil Smith, ed. *The Politics of Public Space* (New York: Routledge, 2005). [↗](#)

6. Smith, *Uneven Development*, 237. [↗](#)
7. Smith, *Uneven Development*, 3. [↗](#)
8. David Harvey, "The Right to the City," *New Left Review*, II, no. 53 (2008): 24. [↗](#)
9. Merrill and Leatherby, "Here's How America Uses Its Land." [↗](#)
10. Merrill and Leatherby, "Here's How America Uses Its Land." [↗](#)
11. Helen Matthews Lewis and Edward E. Knipe, "The Colonialism Model: The Appalachian Case," in *Colonialism in Modern America: The Appalachian Case*, ed. Helen Matthews Lewis, Linda Johnson, and Donald Askins (Boone, NC: Appalachian Consortium Press, 1978), 10. [↗](#)
12. Scrip was the payment of wages in the form of a paper coupon or token that could only be exchanged for goods at the "company store," the town's one-stop shop for food and household supplies, which was owned and operated by the coal company. [↗](#)
13. Helen Matthews Lewis, "Introduction: The Colony of Appalachia," in *Colonialism in Modern America: The Appalachian Case*, ed. Helen Matthews Lewis, Linda Johnson, and Donald Askins (Boone, NC: Appalachian Consortium Press, 1978). [↗](#)
14. Ronald Eller, "Industrialization and Social Change in Appalachia, 1880-1930: A Look at the Static Image," in *Colonialism in Modern America: The Appalachian Case*, ed. Helen Matthews Lewis, Linda Johnson, and Donald Askins (Boone, NC: Appalachian Consortium Press, 1978), 39-40. [↗](#)
15. Appalachian Regional Commission, "Appalachia: A Report by the President's Appalachian Regional Commission, 1964" (US Government Printing Office: Washington, DC, 1964), <https://www.arc.gov/about/ARCApplachiaAREportbythePresidentsAppalachianRegionalCommission1964> xv. [↗](#)
16. Appalachian Regional Commission, 32. [↗](#)
17. Michael L. Gillette, *Launching the War on Poverty: An Oral History* (New York: Oxford University Press, 2010), 119. [↗](#)
18. Gillette, *Launching the War on Poverty*, 120. [↗](#)
19. Gillette, *Launching the War on Poverty*, 120. [↗](#)
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21. Sana Saeed, "In Appalachia, Some Hope for a Future without Coal," *Al Jazeera America*, March 1, 2017, <https://www.aljazeera.com/indepth/features/2017/02/appalachia-hope-future-coal-170223121859843.html>. [↗](#)
22. "Press Release: Rogers Presses Deputy AG about Letcher Co. Prison," US Congressman Hal Rogers, June 13, 2017, <https://halrogers.house.gov/2017/6/rogers-presses-deputy-ag-about-letcher-co-prison>. [↗](#)
23. Saeed, "In Appalachia, Some Hope for a Future without Coal." [↗](#)
24. For example, Coalfield Development Corporation bills itself as a "family of social enterprises" serving West Virginians. They define a "social enterprise" as "a business that combines the compassion of the nonprofit sector with the efficiency of the for-profit sector." Coalfield Development, <http://coalfield-development.org/about-us/>. [↗](#)

 [Bio](#)



Caroline West

Caroline is a PhD candidate in Cultural Studies at George Mason University. She holds a MA in Arts Administration and Policy from the School of the Art Institute of Chicago and a BFA in Photography from Arizona State University. Her research is focused on visual culture, political economy, and theories of race and gender. She is currently finishing her dissertation, *Picturing Capital: Mass Media and the Art of Visualizing Poverty*.



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